

UNITED GRAIN CORPORATION

FIRST NATIONAL TOWER • SUITE 3628 • 1300 S.W. FIFTH AVENUE • PORTLAND, OREGON 97201 • (503) 228-6424

August 23, 1978

RECORDATION NO. 9670
Filed & Recorded

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INTERSTATE COMMERCE COMMISSION

RECEIVED
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I.C.C. BR.
FEE OPERATION BR.

Hon. H. G. Homme
Acting Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Sir:

Will you please record, as provided in Section 20C of the Interstate Commerce Act, the Lease of Railroad Equipment dated as of August 1, 1978, among the parties set forth below. The original and two copies of the document are enclosed with this letter of transmittal, along with a check in the amount of \$50.00.

The information required for such recordation by order of the Interstate Commerce Commission is as follows:

Section 1116.4 (b). The names and addresses of the parties to the transaction:

Lessee - United Grain Corporation of Oregon
3628 First National Tower
1300 S.W. Fifth Avenue
Portland, Oregon 97201

Lessor - Wayne Fisk
2480 S.W. Timberline Drive
Portland, Oregon 97225

Section 1116.4 (c). Description of the equipment:

| Type | Quantity | Lessee's Car # | Marked * | A.A.R. Mechanical Designation |
|---|----------|----------------|--------------|-------------------------------|
| PS-2-CD 100 Ton Covered Hopper Cars | Two | WCRX 111 & 112 | As Indicated | L153 |

8-243A104

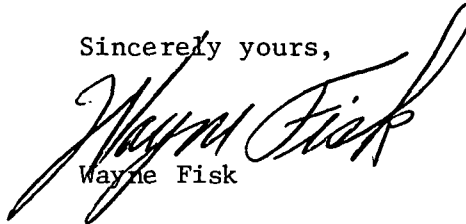
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- * Each unit will have stenciled on each side thereof the following legend: "Ownership subject to a security interest filed under the Interstate Commerce Act, Section 20C, in favor of the Bank of California, Portland, Oregon."

Section 1116.4 (f) - The original of the document being recorded should be returned to David Wood Esq., c/o Pullman Standard, 1616 H Street, H.W., Washington D.C. 20006.

Sincerely yours,



Wayne Fisk

dah

Enclosure

AUG 31 1978 -2 42 PM

This lease dated as of the 1st day of August, 1978, and between Wayne Fisk (hereinafter referred to as "Lessor", and UNITED GRAIN CORPORATION, an Oregon corporation, (hereinafter referred to as "lessee").

WITNESSETH THAT:

- ARTICLE 1 Lessor agrees to furnish to Lessee and Lessee agrees to accept and use upon the terms and conditions herein set forth the railroad cars, (hereinafter collectively referred to as the "cars" and separately as a "car"), shown on Riders, that may be added to this Lease from time to time by mutual agreement of Lessor and Lessee.
- ARTICLE 2 The term of this Lease with respect to each of the cars shall be the term specified on the Rider to this Lease that is applicable to such car, unless sooner terminated in accordance with Article 24 hereof, subject to any extension thereof as may be agreed upon in writing by Lessor and Lessee.
- ARTICLE 3A Each of the cars shall be considered as delivered to Lessee hereunder upon the date of the arrival of each of the cars in the yards of delivering railroads, at the point mutually agreed upon by Lessor and Lessee, (hereinafter referred to as the "Effective Date"). Furnishing of the cars by Lessor shall be subject to all causes beyond the control of Lessor.
- ARTICLE 3B Each of the cars shall be subject to Lessee's inspection after delivery to Lessee hereunder and before loading. The loading of each such car by or on behalf of Lessee shall constitute acceptance thereof by Lessee hereunder and shall be conclusive evidence of the fit and suitable condition of each car for the purpose of transporting the commodities then and thereafter loaded therein.
- ARTICLE 4A At the time of delivery of the cars by Lessor to Lessee, each car will be plainly marked on each side with Lessee's identification mark. If during the continuance of this Lease such marking shall at any time be removed or become illegible, wholly or in part, Lessee shall immediately cause such marking to be restored or replaced at Lessor's expense.

ARTICLE 4B Lessee shall not place nor permit any lettering or marking of any kind to be placed upon the cars without Lessor's prior written consent, except that, for the purpose of evidencing the operation of the cars in Lessee's service hereunder, Lessee shall be permitted to board, placard or stencil the cars with letters not to exceed two inches (2") in height.

ARTICLE 5 The fixed rental with respect to each of the cars shall be the rental specified on the Rider to this Lease that is applicable to such car and such fixed rental shall become effective with respect to each of the cars covered by such Rider upon the Effective Date and shall continue in effect with respect to each such car throughout the term of this Lease with respect to such car unless such car is redelivered to Lessor at an earlier date, as provided in Article 25 hereof. The first fixed rental payment for each car shall be made at the pro rata daily rate for the number of days from the Effective Date to the end of the pay period in which the Effective Date falls. The last payment of rental shall cover the number of days from the first day of the final pay period to the termination date of this Lease at the pro rata rate per day.

ARTICLE 6 Immediately after the end of each year of this Lease, Lessor shall determine the total number of miles that each car traveled during such year, loaded and empty. If it is determined that any car traveled more than forty thousand (40,000) miles during such year, Lessee agrees to pay Lessor as additional rent for such car for such year the sum of two cents (\$.02) multiplied by the number of miles in excess of forty thousand (40,000) that such car traveled during such year. The determination of the total number of miles traveled by each car during any year shall be made by multiplying the total number of miles that such car traveled while loaded by two (2), unless Lessor has in its possession information sufficient to ascertain the exact mileage traveled by such car during such year.

ARTICLE 7A Lessee agrees to report promptly to Lessor each movement of the cars. Such report shall contain the date, car number, destination and routing of such movement and any other information which Lessee receives from railroad or other sources concerning such movement. Lessor agrees to use such reports and any other information which is received by Lessor to maintain records to be used to collect any mileage allowances, rentals and/or other compensation payable by railroads by reason of the use of the cars, (hereinafter referred to as "allowances").

ARTICLE 7B Insofar as applicable laws and regulations permit, Lessee, unless an event of default specified in Article 24 hereof shall have occurred and be continuing, shall be entitled to all allowances collected by Lessor from railroads as a credit against fixed rents, and any other amounts that Lessee may be required to pay Lessor, but in no event shall such credit exceed the sum of such obligations.

ARTICLE 8 Lessee agrees, insofar as possible, to so use the cars that their total mileage under load will equal or exceed their mileage empty on each railroad over which the cars move. In the event that the empty mileage of the cars should exceed their loaded mileage on any railroad and Lessor is notified by such railroad to equalize such mileage with loaded mileage or to pay for such excess empty mileage, Lessee, after notice from Lessor, shall equalize such excess empty mileage within the time limit established by such railroad or pay Lessor for such excess at the rate established by the governing tariff.

ARTICLE 9 Lessee will preserve the cars in good condition and will not alter the physical structure of any of the cars without the approval in writing of Lessor.

ARTICLE 10 Except where responsibility is placed upon others as provided in Article 12A hereof, Lessor, at its expense, agrees to maintain the cars exclusive of interior lading protection devices, special interior linings and removable parts, if any, in good condition and repair according to the Code of Rules hereinafter mentioned. Lessee, at its expense, agrees to maintain all interior lading protection devices, special interior linings and removable parts, if any, in good condition and repair. No repairs other than ordinary running repairs and repairs to interior lading protection devices, special interior linings and removable parts, if any, shall be made without Lessor's prior written consent.

ARTICLE 11 If any car becomes unfit for any reason unrelated to interior lading protection devices, special interior linings and/or removeable parts referred to in Section 10 hereof, if any, and if such condition is not due to damage to such car for which Lessee is responsible under this Lease, the following provisions of this Article 11 shall govern the abatement of rental for such car.

If such car is damaged but not damaged beyond repair and, at Lessor's request, it is moved to a non-railroad shop for repair, rental shall abate as of the date on which such car is switched into the property of such repair shop and shall be reinstated effective as of the fourth (4th) calendar date following the date on which Lessee is notified that such car has been repaired and is ready for redelivery to Lessee. If such car is delivered to a railroad shop for repairs and is not released for shipment to Lessee within five (5) calendar days after such delivery, rental shall abate as of the sixth (6th)

calendar day after the date on which such car is switched into the property of such railroad shop and shall be reinstated as of the date on which such car is released from such shop.

If a car is derailed and is not rerailed within five (5) calendar days following such derailment, rental shall abate as of the date of such derailment and shall be reinstated as of the date of rerailment, unless such car requires repairs, in which case the applicable preceding paragraph of this Article 11 shall determine the date on which such reinstatement shall occur.

If any car is damaged beyond repair or is destroyed, rental for such car shall abate as of the date of such damage or destruction. If such car is replaced by another car in accordance with Article 12B hereof, rental for such replacement car shall commence on delivery of such replacement car to Lessee.

ARTICLE 12A Responsibility for loss or destruction of or damage to cars or parts thereof or appurtenances thereto furnished under this Lease shall be as fixed by the then prevailing Code of Rules Governing the Condition of and Repairs to Freight and Passenger Cars for the Interchange of Traffic promulgated by the Association of American Railroads. Said Code of Rules shall establish the rights obligations and liabilities of Lessor. Lessee and any railroad subscribing to such Code of Rules and moving the cars over its lines in respect of matters to which said Code of Rules relate. In the event that any car is lost, damaged or destroyed while on the tracks of Lessee or any private track, or in the event that any car is damaged by any commodity which may be transported or stored in or on such car, such repairs, renewals or replacements as may be necessary to replace the car or to place it in good order and repair shall be at the sole cost and expense of Lessee. Lessor and Lessee agree to cooperate with and to assist each other in any reasonable manner requested by without affecting their respective obligations under this Article to establish proper claims against parties responsible for loss, or destruction of or damage to the cars.

ARTICLE 12B Lessor, at its election, may substitute another car of approximately the same age, type and capacity for any car which is damaged or destroyed during the term of this Lease. The rental for such replacement car shall be the same as the rental for the damaged or destroyed car, and it shall commence to accrue on the date of arrival of the replacement car in the yards of the delivering railroad at the point mutually agreed upon by Lessor and Lessee.

ARTICLE 13 Except where responsibility is placed on others, as provided in Article 12A hereof, Lessee agrees to indemnify and save

harmless Lessor and the manufacturer of the cars from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and any expenses in connection therewith, including counsel fees arising out of, or as a result of, the use and/or operation of the cars during the term of this Lease.

- ARTICLE 14 Neither Lessor nor the manufacturer of the cars shall be liable for any loss of, or damage to, commodities or any part thereof, loaded or shipped in the cars, however such loss or damage shall be caused, or shall result. The Lessee agrees to assume responsibility for, to indemnify Lessor and the manufacturer of the cars against, and to save them harmless from any such loss or damage or claim therefore, and to assume responsibility for any damage caused to the car by such commodities.
- ARTICLE 15 Neither Lessor nor the manufacturer of the cars shall have any liability to Lessee for loss of use of car or cars, in whole or in part, regardless of the cause thereof.
- ARTICLE 16 Lessor agrees to assume responsibility for and to pay all property taxes levied upon the cars and to file all property tax reports relating thereto.
- ARTICLE 17 Lessor will not be responsible for the payment of any sales and/or use taxes or similar taxes, tariff, duty, customs, switching, demurrage or other charges made by any governmental, railroad or other agency in respect of the cars except as specifically provided herein, and Lessee agrees to reimburse Lessor for any such charges.
- ARTICLE 18 All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, and/or Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to the cars with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer or other disposition, this Lease and all of Lessee's rights under this Lease and all rights of any person, firm or corporation who claims or who may hereafter claim any rights under this Lease under or through Lessee are hereby made subject and subordinate to the terms, covenants and conditions of any chattel mortgages, conditional sale agreements, agreements and assignments and/or equipment trust agreements covering the cars or any of them heretofore or hereafter created and entered into by Lessor, its successors or assigns and to all of the rights of any such chattel mortgagee, assignee, trustee or other holder of the legal title to the cars. Any sublease of the cars or any of them permitted by Article 19 hereof that is entered into by Lessee, its successors or assigns shall contain language which expressly makes such sublease subject to the subordination contained in this Article 18. At the request of Lessor or any chattel

mortgagee, assignee, trustee or other holder of the legal title to the cars, the cars may be lettered or marked to identify the legal owner of the cars at no expense to Lessee. If during the continuance of this Lease any such marking shall at any time be removed or become illegible, wholly or in part, Lessee shall immediately cause such marking to be restored or replaced at Lessor's expense.

ARTICLE 19 Lessee agrees to use the cars exclusively within the boundaries of the continental United States (exclusive of Alaska and Hawaii) or in international service between Canada and the United States and to make no transfer or assignment of this Lease or of the cars by operation of law or otherwise without Lessor's prior written consent. However, Lessee may sublease any of the cars for use in such areas without securing the prior written consent of Lessor. Such subleasing shall in no way relieve Lessee from any of its obligations to Lessor under this Lease.

ARTICLE 20 Lessee acknowledges and agrees that by the execution hereof it does not obtain and by payments and performance hereunder it does not and will not have or obtain any title to the cars or any of them at any time subject to this Lease nor any property right or interest legal or equitable therein, except solely as Lessee hereunder and subject to all of the terms hereof. Lessee shall keep the cars free from any encumbrances or liens which may be a cloud upon or otherwise affect Lessor's title.

ARTICLE 21 At the time of delivery of the cars by Lessor to Lessee, the cars will conform to the applicable specifications and to all of the governmental laws, regulations, requirements and rules, and to all of the standards recommended by the Association of American Railroads interpreted as being applicable to railroad equipment of the character of the cars as of the date of delivery to Lessee. Lessee agrees to comply with all governmental laws, regulations, requirements and rules, and with the Code of Rules of the Association of American Railroads with respect to the use and operation of each of the cars during the term of this Lease. In case any equipment or appliance on any of the cars shall be required to be changed or replaced or in case any additional or other equipment or appliance is required to be installed on any of the cars during the term of this Lease in order to comply with such laws, regulations, requirements, rules and/or Code of Rules as a result of any changes or revisions made therein during the term of this Lease, Lessor may elect to either (i) terminate this Lease, effective as of the date on which such change, replacement, and/or installation is required to be made or (ii) make such change, replacement and/or installation, pay the cost thereof and increase the monthly fixed rental for each of such cars on a pro-rata

basis. If Lessor elects to make such change, replacement and/or installation, the monthly fixed rental for each of such cars shall be increased, effective as of the date on which such work is completed, by an amount determined as follows: the total cost of completing such change, replacement and/or installation shall be divided by the number of cars requiring such work and by the number of months of useful life of such cars remaining as of the date on which such work is completed as determined from Lessor's books. Any part or parts changed, replaced and/or added to any of the cars shall be considered to be accessions to such cars and title thereto shall be immediately vested in Lessor.

ARTICLE 22 Lessee agrees to furnish Lessor promptly, at Lessor's request, with complete and accurate information reasonably required for the efficient administration of this Lease.

ARTICLE 23 Lessor or its assignee shall have the right by its authorized representatives to inspect the cars at the sole cost and expense of Lessor at such times as shall be deemed necessary.

ARTICLE 24 If (a) Lessee shall fail to carry out and perform any of its obligations under this Lease within twenty (20) days after Lessor shall have demanded in writing performance thereof, or (b) if a petition in bankruptcy or for reorganization or for a trustee or receiver is filed by or against Lessee and all of the obligations of Lessee under this Lease shall not have been duly assumed by the trustee or receiver appointed, of any, in such proceeding or otherwise given the same status as obligations assumed by the trustee or receiver within thirty (30) days after the appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier, Lessor may take possession of the cars and any accessions thereto wherever they may be found and at the election of Lessor, or its assignee as the case may be, either (i) declare the Lease terminated in which event all rights and obligations of the parties hereunder shall cease except only the obligations of Lessee to pay accrued rentals to the date of retaking, or (ii) attempt to relet the cars as agent of Lessee, apply the proceeds of such reletting first to the expenses that may be incurred in the retaking and delivery of the cars to the new Lessee, then the payment of amounts due Lessor under this Lease, and Lessee shall remain liable for any sums remaining due after so applying the proceeds so realized. Lessee shall pay said deficit monthly as the same may accrue.

ARTICLE 25 At the termination of this Lease or applicable Rider, Lessee at its expense, shall return each of the cars and each part thereof to Lessor at either the loading point at

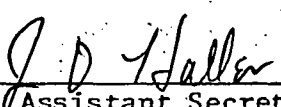
which Lessor delivered the cars to Lessee in accordance with Article 3A hereof, or to such other point or points as may be mutually agreed upon by Lessor and Lessee, on the date on which the term of this Lease or applicable Rider expires, empty, free from residue and in the same good order and condition as it was delivered by Lessor to Lessee, ordinary wear and tear and repairs that Lessor is required to make pursuant to Article 10 hereof excepted. Lessee, on demand, shall reimburse Lessor for the cost of cleaning any cars that contain residue. Lessee, at its option, may redeliver any or all of the cars to Lessor during the thirty (30) calendar day period immediately preceding the date on which the term of this Lease or applicable Rider expires. If Lessee shall elect to so redeliver any or all of the cars, the rental on such cars shall cease on the date on which such cars are so redelivered to Lessor. In the event that any or all of the cars are not redelivered to Lessor on or before the date on which the term of this Lease or applicable Rider with respect to such cars expires, all of the obligations of Lessee under this Lease with respect to such cars shall remain in full force and effect until such cars are redelivered to Lessor, provided, however, that the daily rental for each of such cars during such period shall be one and one-half times the pro rata daily rate of the rental specified in the Rider applicable to such cars.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed and delivered as of the day and year first above written.

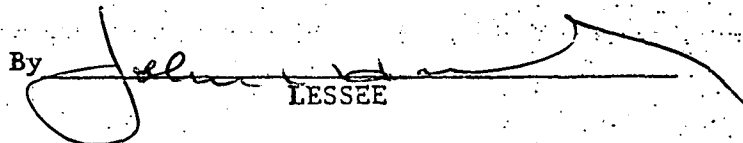
By


LESSOR

UNITED GRAIN CORPORATION


Assistant Secretary

By


LESSEE

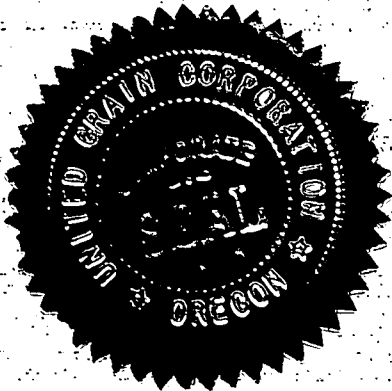


RIDER NO. 1

This Rider shall be attached to and forms a part of Railroad Equipment Lease dated as of the 1st day of August, 1978, by and between Wayne Fisk and UNITED GRAIN CORPORATION.

| Quantity | Description | Capacity, Each | Fixed Rental, Each |
|----------|--|----------------|--|
| 2 | PS-2-CD Covered Hopper Cars WCRX 111 and 112 | 100 Tons | \$2,436.00 on March 1, 1979, and a like amount semi-annually thereafter through September 1, 1983. |

With respect to the cars covered by this Rider, it is hereby agreed that, despite any terms or conditions of the Lease and/or this Rider:



All other terms or conditions of the Lease and/or this Rider shall remain unchanged.

The term of the Lease, with respect to the cars covered by this Rider, shall commence on the 1st day of August, 1978, and shall continue to and include the 31st day of August, 1983.

By _____

By Wayne Fisk

UNITED GRAIN CORPORATION

By J. D. Haller
Assistant Secretary

By James Hall

STATE OF OREGON)
) SS
COUNTY OF MULTNOMAH)

On this 23rd date of August, 1978, before me personally appeared Wayne Fisk to me personally known, who being by me duly sworn, say that he has acknowledged that the execution of the foregoing instrument was his free act and deed.

J O Haller
Notary Public

Commission expires April 30, 1979

STATE OF OREGON)
) SS
COUNTY OF MULTNOMAH)

On this 23rd date of August, 1978, before me personally appeared John C. Harley, President of United Grain Corporation to me personally known, who being by me duly sworn, said that he has acknowledged that the execution of the foregoing instrument was his free act and deed.

J O Haller
Notary Public

Comission expires April 30, 1979